

RESPONSE REQUIRED

March 29, 2012

Laura MacFadden, Senior Director
Design & Construction
Novant Health, Inc.
1980 S. Hawthorne Road, Suite 200
Winston-Salem, NC 27103

RE: Conditional Approval/ Project ID #F-8765-11/ Presbyterian Orthopaedic Hospital and The Presbyterian Hospital/ Construct a replacement hospital and add 50 new acute care beds at the proposed replacement facility/ Mecklenburg County
FID #110881

Dear Ms. MacFadden:

The Certificate of Need (CON) Section, Division of Health Service Regulation, Department of Health and Human Services has conditionally approved the above referenced certificate of need application. This decision was made after a review of the applications submitted for this cycle and after consideration of the Certificate of Need Law, G.S. 131E-175 et. seq., and regulations promulgated thereunder, the State Medical Facilities Plan, and other applicable information. Attached to this letter are the required findings made with respect to your application. The applicant shall not proceed with the construction, offering or development of this project until the certificate of need is issued. Further, the Department shall not issue the certificate of need until all applicable conditions of approval that can be satisfied before issuance of the certificate of need have been met pursuant to G.S. 131E-187(a). The conditions are as follows:

1. Presbyterian Orthopaedic Hospital and The Presbyterian Hospital, Inc. shall materially comply with all representations made in the application.
2. Presbyterian Orthopaedic Hospital and The Presbyterian Hospital, Inc. shall construct a replacement facility for Presbyterian Orthopaedic Hospital across the street from its current location on the same site as The Presbyterian Hospital.
3. Presbyterian Orthopaedic Hospital and The Presbyterian Hospital, Inc. shall develop no more than 50 additional acute care beds in the replacement facility, for a total of no more than 64

licensed acute care beds upon completion of this project and Project I.D. # F-7648-06 (relocate 50 acute care beds to Presbyterian Hospital Mint Hill).

4. Upon completion of the replacement facility, it shall consist of no more than 64 acute care beds, 16 nursing care (transitional care unit) beds, 10 operating rooms, and 12 unlicensed observation beds.
5. Upon completion of this project, Presbyterian Orthopaedic Hospital shall be licensed as part of The Presbyterian Hospital, Inc.
6. Upon completion of this project, The Presbyterian Hospital shall be licensed for no more than 603 acute care beds, 16 nursing care (transitional care unit) beds, 60 psychiatric beds, and 41 operating rooms, including 3 dedicated ambulatory surgery operating rooms, 3 dedicated C-section operating rooms, 3 open-heart surgery operating rooms, and 32 shared operating rooms.
7. Presbyterian Orthopaedic Hospital and The Presbyterian Hospital, Inc. shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application and which would otherwise require a certificate of need.
8. Presbyterian Orthopaedic Hospital and The Presbyterian Hospital, Inc. shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representations in the written statement as described in paragraph one of Policy GEN-4.
9. Prior to issuance of the certificate of need, Presbyterian Orthopaedic Hospital and The Presbyterian Hospital, Inc. shall provide to the Certificate of Need Section the projected number of inpatient days of care to be provided in the total number of licensed acute care beds at The Presbyterian Hospital, by county of residence, for each of the first three operating years following completion of the project.
10. Presbyterian Orthopaedic Hospital and The Presbyterian Hospital, Inc. shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need section in writing prior to the issuance of the certificate of need.

Response to the above conditions should be submitted to the CON Section no later than 35 days from the date of the decision. Failure to respond within this time period may result in the CON Section making a determination not to issue a certificate of need for the project referenced above.

The conditional approval is valid only for a capital expenditure of \$84,107,759. If a cost overrun occurs that exceeds the approved capital expenditure amount, a new certificate of need may be required as determined by G.S. 131E-176(16)(e).

The applicant should be aware that according to the Certificate of Need Law any affected person shall have thirty (30) days after the date of decision to file a petition for a contested case on this approval. Further, if you are aggrieved by the conditions of the decision you may file a petition for a contested case hearing in accordance with G.S. 150B, Article 3, as amended. This petition must be filed with the Office of Administrative Hearings, 6714 Mail Service Center, Raleigh, North Carolina 27699-6714 within thirty (30) days of the date of this decision. [Note: Effective October 1, 2009, OAH requires a filing fee with submittal of petitions for contested cases. Please direct all questions regarding this fee to OAH Clerk's Office (919-431-3000).]

G.S. 150B-23 provides that a party filing a petition must also serve a copy of the petition on all parties to the petition. Therefore, if you file a petition for a contested case hearing, you must serve a copy of the petition on the Department of Health and Human Services by mailing a copy of your petition to:

Emery Milliken
Department of Health and Human Services,
Office of Legal Affairs,
Adams Building – Room 154
2001 Mail Service Center
Raleigh, North Carolina, 27699-2001

It is requested that a copy of the petition also be served on the Certificate of Need Section.

The certificate of need will not be issued before the completion of this 30 day period ending April 30, 2012. If a contested case request is received within the thirty (30) day period, the certificate will not be issued until the appeal is resolved (10A NCAC 14C .0208).

The timetable for completion of the project is the timetable outlined in the certificate of need application, unless an adjustment has been made by the CON Section because the review period was extended.

The timetable for this project is as follows:

Approval of Preliminary Drawings by Construction, DHSR _____	August 1, 2012
Approval of Site by Construction, DHSR _____	February 1, 2013
Contract Awarded _____	August 1, 2013
25% Completion of Construction _____	February 1, 2014
50% Completion of Construction _____	August 1, 2014
75% Completion of Construction _____	February 1, 2015
Occupancy/ Offering of Service(s) _____	October 1, 2015

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If the decision is appealed, the timetable set forth in this letter will be adjusted accordingly before the Certificate of Need is issued. Please contact us if any clarification of this decision is required.

Please refer to the Project I.D.# and Facility I.D.# (FID) in all correspondence.

Sincerely,

Michael J. McKillip, Project Analyst
Certificate of Need Section

Martha J. Frisone, Assistant Chief
Certificate of Need Section

MJM:MJF:vlw

Attachment

cc: Medical Facilities Planning Section, DHSR
Acute and Home Care Licensure and Certification Section, DHSR
Construction Section, DHSR

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing notice of conditional approval on the following person by placing a copy in an official depository of the United States Postal Service in a postage-paid, first class envelope addressed as follows:

Laura MacFadden, Senior Director
Design & Construction
Novant Health, Inc.
1980 S. Hawthorne Road, Suite 200
Winston-Salem, NC 27103

Project I.D. #F-8765-11

FID #110881

This the 29th day of March, 2012

Michael J. McKillip, Project Analyst